

May 1, 2012

Victorian Budget: Insurance Council welcomes renewed commitment to replace Fire Services Levy

The Insurance Council of Australia today welcomed the commitment in the Victorian 2012-13 Budget to replace the Fire Services Levy with a property-based charge from July 1, 2013.

Insurance Council CEO Rob Whelan said the Budget reaffirmed the Victorian Government's commitment to implementing the 2009 Bushfire Royal Commission recommendation to abolish fire levies from insurance premiums.

The Victorian budget also outlines the expected contributions from the insurance sector over 2012-13.

"The Budget shows insurance contributions will fall from \$642 million in 2011-12 to \$581 million in 2012-13 – a reduction of almost 10 per cent," Mr Whelan said.

"This reduction in insurance contributions is welcomed by the industry and will assist in smoothing the transition from the fire services levy to the anticipated introduction of a property-based system from July 1, 2013.

"The Insurance Council applauds the Victorian Government's decision, and will continue to work with it on transitional arrangements for abolishing the Fire Services Levy.

"The reform of fire levies in Victoria from July 1, 2013, represents the first major state-based initiative towards the implementation of a key Henry Tax Review recommendation.

"The Victorian Government is to be congratulated on its commitment to the recommendations of both the 2009 Bushfire Royal Commission and the Commonwealth's Review of Australia's Future Tax System to abolish state taxes on insurance premiums."